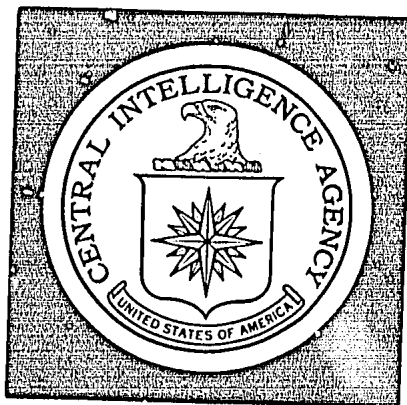


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Communist China: The Economy At Mid-1971

Secret

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August 1971

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CENTRAL INTELLIGENCE AGENCY

Directorate of Intelligence

August 1971

INTELLIGENCE MEMORANDUM

COMMUNIST CHINA: THE ECONOMY AT MID-1971

Highlights

1. The economy of Communist China pushed ahead smoothly on almost every front in the first half of 1971, a continuation of the impressive expansion of 1970. Industrial production – with petroleum and armaments in the vanguard – has been rising substantially as the result of fuller operation of facilities and the commissioning of new plants. The rapid pace of construction, particularly in hinterland areas, is strengthening prospects for sizable industrial gains under the new Fourth Five-Year Plan (1971-75). Although weather conditions were indifferent in the first half of 1971, agricultural production benefited from the steady increase in inputs of fertilizer, irrigation equipment, and improved seeds. Further advances in the transport sector and in domestic and foreign trade also reflect the sturdy health of the economy at mid-year 1971.

2. As to problems, the rapid pace of industry has outrun the supply of raw materials and intermediate products in some instances. For example, China has recently switched from exporting pig iron to importing large quantities. A second problem is the constraints on consumption that are the reverse side of the emphasis on heavy industry and armaments production. The promise by the government to reexamine wage scales once the political situation had cooled has not been honored. As a result, wage grumbles are mounting, and there are reports of work slowdowns. A third problem is the continued delay in restoring the educational system to operation. The economic effects of this delay are mostly long-run and will affect the ability of China to catch up with international standards of industrial and military technology in the developed nations. But successes outweigh problems and, barring a return to radical economic policies or unfavorable weather later in the year, prospects for 1971 are for another good year.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within CIA.

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Introduction

3. Economic developments in Communist China in the first six months of 1971 are essentially a continuation of the trends of 1970, a year marked by a return to systematic centralized planning and by record achievements in both industrial and agricultural production. 1/ In connection with the celebration of National Day on 1 October 1970, Premier Chou En-lai announced that 1970 was the last year of the Third Five-Year Plan (1966-70) and that a new Fourth Five-Year Plan would cover the period 1971-75. In subsequent conversations with the visiting American journalist Edgar Snow, Chou gave national production figures for 1970 for grain, steel, fertilizer, petroleum, and cotton cloth. This was the first appreciable break in the statistical drought that had lasted since 1960.

4. Chou's announcement of the existence of a new economic plan led to the surmise that a new National Peoples Congress would soon be held at which the new plan would be presented in some detail. These expectations have been disappointed so far in 1971. Furthermore, the regime in its 20,000-word joint editorial of 1 July 1971, which commemorated the 50th anniversary of the founding of the Communist Party of China, failed to emphasize current economic achievements under Mao or to exhort the people to meet the targets of the new plan. This playing down of economic issues in the editorial suggests either that the regime is preoccupied with political matters or that the major goals of the plan have not been finally agreed on. As to the second hypothesis, a small amount of evidence indicates both indecision on the priorities to be embodied in the plan and continuing negotiations between Peking and subordinate units over production targets. In any case, the economy continues to operate with few discernible hitches, and the political infighting at the top has had no identifiable effects on output.

Discussion

Industry

5. China's strong industrial upswing of 1970 continued unabated in the first half of 1971 as did the regime's penchant for statistical exaggeration. An excellent start on the new five-year plan was achieved

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in both the civilian and military branches of industry. China's production of basic metals, fuels and power, industrial equipment, and military end products almost certainly were all at record levels in the first half of 1971.

6. In June and July, Chinese news media released a large number of percentage claims for industrial gains in the first five months of 1971 compared with the same period in 1970. The gross value of industrial output in various provinces and cities was said to have risen by 10% to 50%. (For a listing of these claims, see Table 2.) Electric power production was up 24% in these five months, it was claimed, and the output of coal, petroleum, iron and steel, cement, and chemical fertilizer was up "10% to more than 40%." These percentage figures are exaggerated in varying degree; for example, the gross value concept can lead to bias, and the statistical system lacks the checks and balances of systems in more open societies. Nonetheless, these claims together with information on individual factories and on trade and transport clearly indicate that output of most industrial goods rose substantially in the first half of 1971. The gains resulted partly from the commissioning of additional capacity and partly from the fuller use of existing capacity.

Iron and Steel

7. Production in the modern sector of the key iron and steel industry increased in the first half of 1971 because of the completion of several new facilities and further improvements in operating efficiency. However, with most completed facilities now operating at or near capacity, the rate of increase for 1971 as a whole almost certainly will fall below that of the past two years. China still has only a limited capability for producing space-age steels, and the manufacture of tubing and flat rolled steel is well below requirements. Consequently, its imports of finished steel and related machinery and equipment are continuing to expand.

8. The upsurge in iron and steel production has placed increasing strains on the supply of raw materials and intermediate products. For example, China's blast furnaces are not keeping up with the expanding demand for pig iron needed by the steel furnaces and iron foundries. Whereas as much as a million tons of pig iron were exported in a single year in the past, China has already contracted to import about 500,000 tons of pig iron in 1971. The need to import pig iron also reflects a shortage of domestic supplies of scrap.

Machinery and Equipment

9. The star performers in machinery and equipment continue to be the transport and electronic equipment industries and the armament

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industries. The Chinese have mastered series production of diesel and electric locomotives and a considerable variety of trucks, including many manufactured or assembled in local plants. This production is supplemented by large-scale imports. In addition, in February the Dairen shipyard reported the completion of a tanker of 22,000 deadweight tons, the largest built so far in China. In the electronics industry, the volume and variety of sophisticated equipment - for example, computers and solid state components such as transistors and integrated circuits - are rising rapidly. Production of air, ground, and naval weapons continues to advance across the board, featured by the introduction in production of several major weapons of indigenous design. The expansion of facilities for the production of nuclear weapons and delivery systems continues to enjoy the highest priority for industrial support.

Petroleum and Petrochemicals

10. The production of fuels and power continued on the upswing in the first half of 1971 with petroleum making the greatest percentage gains. Increased production from the Ta-ch'ing and Karamai fields, together with the opening of a new oil area in the Tsaidam basin, accounted for most of the growth in petroleum. Total output of crude oil for the whole of 1971 may be 22 million tons compared with 18 million tons in 1970, which in turn was 4 million tons above 1969. Growth in the output of refined products has paralleled growth in crude oil production.

11. Supplies of petroleum apparently are keeping pace with the growth of demand, and no evidence of supply problems has been noted. Imports of petroleum are running at rates below the low levels of 1970, while imports of petroleum-powered equipment for a wide variety of industrial applications are continuing. China has been essentially self-sufficient in petroleum products since 1965.

12. China continues to push the development of its infant petrochemical industry with particular emphasis on using hitherto wasted refinery gas as petrochemical feedstock. A minimum of three new urea fertilizer plants using refinery gas as feedstock have or will come into operation during 1971. Furthermore, at least one new synthetic rubber plant is under construction adjacent to a petroleum refinery. Petrochemicals continue to provide the basis for expansion of China's small synthetic fiber industry. In addition to ongoing construction of small and medium-size plants for the production of chemical fibers, the regime has also indicated a strong interest in importing fairly sizable chemical fiber plants from Japan.

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Construction

13. During the first half of 1971 the Chinese continued to push a program to develop small-scale industry, while at the same time claiming that "we will also build a number of necessary big enterprises in the future" because such enterprises are the "mainstay" and the "backbone" of industry. Reliable evidence confirms that this dual program of "walking on two legs" is in fact being implemented on a wide scale.

14. Small plants are being built mainly in rural areas to serve the needs of agricultural production and the rural population. The small plants are constructed with local labor and materials and produce such things as farm implements, simple machinery, electric power, fertilizer, rural transport equipment, and building materials. In December 1970 the Chinese claimed that the amount of cement and chemical fertilizer turned out by these plants accounted for "40% of the national total." In the case of cement, this claim probably is valid because the Chinese have continued to build small-scale cement plants since the 1950s. In contrast to the reckless policies of the Leap Forward era, the authorities so far in 1971 have not pushed the small plant program to the point where it takes labor away from the harvest or strips other factories of their labor force.

15. As for the modern industrial sector, the Chinese rarely mention the type, number, or location of major new plants. However, there is ample evidence that they are pushing an impressive program to build a variety of large-scale plants which will strengthen prospects for sizable industrial gains during the Fourth Five-Year Plan. A high proportion of these plants are being constructed in interior areas of the country, particularly in the southwest, or near small towns and villages outside major population centers. Strategic considerations are a paramount factor in choosing such locations.

16. Emphasis is being placed on construction of plants that have traditionally received high priority, such as oil refineries, steel finishing facilities, electric powerplants, and aluminum plants. In the military machine building sector, emphasis is being placed on completing or expanding plants to produce atomic weapons, submarines, and aircraft. In addition, there are a number of large unidentified industrial construction projects in China; many of these plants probably belong to the machine building industry and will increase its capacity to produce items for military and/or civilian use.

Transportation

17. The transportation sector of the economy continued to expand during the first half of 1971. Railroad traffic, according to recent Chinese

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claims, increased by 15% during the first five months of the year, and railroad construction continued at a rapid pace, especially in the central and southwest areas of the country. In addition, the Chinese have continued the expansion of the rolling stock inventory, recently signing contracts for more than 100 diesel and electric locomotives to be delivered from Western Europe over the next three years.

18. Also, the Chinese claimed that coastal traffic and traffic on branches of the Yangtze River increased by more than 20% during the first five months of the year, an indication of the continued expansion of this key part of the transport sector. Highway operations continued at a steady pace, and no substantial highway bottlenecks were noted, with the exception of truck traffic into Tibet. Purchases of aircraft, notably two IL-62s and an unspecified number of AN-24s from the USSR, highlighted the renewed attention given by the Chinese to civil aviation and military airlift.

Agriculture

19. Prospects for grain production in 1971 seem fairly promising, even though the early harvest -- which normally accounts for about one-third of total production -- does not appear to have been exceptionally good. Press references to a lack of precipitation in North China are not borne out by weather information, and the winter wheat harvest in the area probably was average or better than average. The early rice crop in South China, particularly in Kwangtung and Fukien Provinces, was subject to extremely dry conditions in early spring and then suffered from unusually heavy rainfall in June. Harvesting of this crop will not be completed until the end of July; nevertheless, the prospects for early rice are only average and could be below average.

20. The fall harvests will be the main factor in determining grain output in 1971. As of July, the supplies of such needed inputs to production as chemical fertilizer, pesticides, and irrigation as well as some farm equipment are likely to exceed the amounts provided to agriculture last year. For example, the completion of several new large plants, the expansion of capacity at other large plants, and the continued construction of small chemical fertilizer plants during the year could lead to a new record in domestic production of chemical fertilizer of around 9 million tons. Chinese negotiations for imported chemical fertilizer are barely under way, but imports in 1971 almost certainly will be as high as the 1970 level -- almost 5 million tons -- and may well exceed that figure. At the minimum, the total supply of chemical fertilizer in 1971 is likely to reach 14 million tons, or roughly 20% more than was available in 1970. Improved varieties of seed are gradually being introduced and are another factor in the expansion of China's agricultural capacity.

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21. The regime has continued to avoid radical institutional change and has resisted the urge to place greater restrictions on private farming and marketing activity. If these policies are continued through the remainder of 1971 and if the increasing supply of modern inputs to the agricultural sector is maintained, only the occurrence of major weather problems later in the year would seem to stand in the way of exceeding the 1970 harvest.

22. As for imports of grain - which have been 4-5 million tons annually beginning in 1961 - the Chinese are playing a cat-and-mouse game with Canada and Australia. So far, only 2.7 million tons have been ordered for delivery in 1971, all from Canada. The Canadians, who have formally recognized China, have been told they will be a preferred source for grain. The Australians have in effect been admonished to switch their political attitude toward China if they expect to have renewed orders of grain. In the meantime, grain is moving out of Canadian ports at a more rapid clip than would be expected if 2.7 million tons was to cover the entire year, and another Canadian wheat delegation is rumored to be in Peking for negotiations on further tonnage. China may well bring its purchases for 1971 up to the 4-5 million norm by last-minute orders from either Canada or, less likely, Australia.

Foreign Trade

23. Foreign trade has continued to move upward in 1971 and probably will reach a new record level for the whole year. In addition to developments in the grain trade mentioned above, two major variations from the 1970 pattern of expansion have appeared: (a) preliminary evidence indicates that China has reacted to the record trade deficit of \$850 million with the Industrial West in 1970 by holding back on imports and pushing exports; and (b) Sino-Soviet trade in 1971 is likely to increase for the first time in more than a decade.

24. Trade data for the first quarter 1971 from Japan, several countries of Western Europe, and Hong Kong indicate a small drop in Chinese imports and a substantial rise in Chinese exports, compared with the first quarter of 1970. Contract information and other current reporting - especially from the Spring Canton Fair - suggest that imports will pick up as the year moves on but that export growth with the Free World is likely to be greater than the expansion in imports for the entire year. In 1970 the reverse was true. Thus there will probably be little or no further drain in 1971 in China's scarce foreign reserves. The expansion in exports covers the range of China's traditional exports of foodstuffs, textiles, crude materials, and some nonferrous metals. In imports, the increases in 1971 are likely to be primarily in transport equipment, iron and steel products, specialized machinery, bearings, and even equipment for whole plants.

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25. China's trade with the Communist countries should continue its upward trend in 1971; their proportional share of China's total trade will remain at about the same level of 20% as in 1970. Sino-Soviet trade will show the most striking change, registering a huge percentage jump, although the absolute amount will still be relatively small. A trade agreement, the first in three years between the two countries, was signed in late 1970. Trade turnover is expected to more than double the low point of \$47 million in 1970. Sales of Soviet aircraft have been announced, and contracts covering a wide range of goods have been noted. Trade agreements for 1971 with all of the Communist countries have been signed. Sino-East European trade will continue its advance, with Romania making the largest gains. Yugoslavia and North Korea, two other countries with which China has recently improved relations, will also increase trade with China in 1971.

26. In the first half of 1971, President Nixon announced far-reaching changes in US trade policy toward China. He authorized the export of a wide variety of nonstrategic goods to China and lifted all controls on imports. This change in policy is much more important for its political ramifications than for its economic impact, at least in the short run. The United States can offer little in the general run of industrial or agricultural products that China cannot obtain from Japan or Western Europe (machinery and technology) or from Canada and Australia (grain). Nevertheless, there are some possibilities for commercial relations - for example, the United States has a competitive advantage in high technology industries such as aircraft and computers, and represents by far the world's most affluent market for art objects and other luxury products. In any event, the volume of trade between the United States and China almost certainly will be small in the short run. 2/

Education

27. The state of education in Communist China in the first half of 1971 was shrouded in a haze of political propaganda. Apparently, the primary and middle schools have attained a reasonable degree of stability under the new ground rules which put a premium on the study of Mao's writings and on practical experience in industrial plants and rice paddies. The colleges and universities, on the other hand, have been only partly restored to operation. Only a fraction have resumed operation, and these have been operating far below capacity with an incoming first-year class of politically acceptable peasants and factory workers.

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28. The old-style college atmosphere - with its bookish faculty and upper-class student body - is being largely replaced by a practical atmosphere of work-study courses diluted by classes in Mao thought. Certain aspects of the educational reform will benefit industry, agriculture, and the service sector of the economy since the old system undoubtedly had a large measure of impractical theory copied uncritically from the outside world. The greatest danger posed by the reforms is that the educational system will stifle the development of the brightest young people - often mavericks - who are the potential replacements for the top-level scientists, engineers, and administrators. If China is to catch up with international standards of industrial and military technology, it will have to nurture the development of this group of young people. Even now, military research institutes or other special organizations may be picking up and training these youngsters. We are inclined to think the Chinese control system is either flexible or porous enough to meet this critical long-term need.

Population

29. The latest revision of the US Census Bureau's middle-of-the-road population series for Communist China includes the following mid-year estimates for the census year of 1953 and for 1970-71: 1953, 583 million; 1970, 836 million; and 1971, 855 million. If the census figure of 1953 is accepted, the estimate of 855 million for 1971 represents an average annual rate of growth of 2.2%, as compared with roughly 2.5% in India, Pakistan, and Indonesia. The figure of 750 million, sometimes mentioned in the Chinese press, would represent on the same base a rate of growth of 1.4%, roughly the same order of growth as in the United States, the USSR, and the industrial nations of Europe. Because Communist China remains 85% non-urban, the 855 million figure appears to be more reasonable - if the census figure is used as the benchmark.

30. The birth control campaign, which has been turned on and turned off several times under Communist rule, is being pushed moderately hard in 1971 along several lines - the encouragement of late marriage and fewer children, the provision of contraceptive devices and training, and the threat to reduce welfare benefits for children beyond the first two. The current expansion of paramedical personnel in rural areas - the so-called "barefoot doctors" - is supposed to provide added impetus to the birth control program. At the same time, the "barefoot doctors" could improve public health practices more than they lessen the propensity to reproduce and thus could worsen the problem in the short run.

31. Because of the past vacillations in government policy, the birth control campaign has yet to make an appreciable dent in China's population structure. Over the next few years, the combination of (a) settled economic

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conditions with accompanying changes in social attitudes, and (b) a sustained birth control campaign could result in an appreciable lowering of the growth rate - but this remains to be seen.

Consumer Welfare

32. The food situation in the first half of 1971 apparently was at least as good as in 1970. Caloric intake was at a sufficient level by Chinese standards and the rank-and-file probably benefited from a continued steady improvement in the quality, variety, and availability of foodstuffs. This judgment is not based on precise information but on a combination of (a) the apparent continuation of reasonably favorable trends in agriculture, including additional inputs of fertilizer and equipment; (b) the observation by the latest groups of visitors that food seems in good supply compared with their remembrances of past visits; and (c) the low incidence in the flow of information from China of complaints about either food shortages or government harassment of local trade in food. Any additions to the per capita food supply, however, were not evenly distributed. Because of the government's recent emphasis on self-management and self-sufficiency in rural areas, the distinction between "rich" communes and "poor" communes probably widened in the first half of 1971. Communes with better land or more forceful leadership seem to be able to better their own circumstances, whereas poorer communes are left to drag behind at minimum consumption standards.

33. The average Chinese consumer at mid-1971 is more amply supplied with cotton cloth - by far the most important fabric in China - than during the Cultural Revolution, when rations were often unfilled or delayed. The basic shortage of cloth persists, however, and the average ration stands at about 5-1/2 linear meters per year, barely enough to make one suit consisting of a simple tunic and trousers. Despite the domestic shortage, cotton fabrics continue to be exported in large quantities, providing a valuable source of foreign exchange. Exports in 1971 are likely to be about as large as those in previous years.

34. In consumer items other than food and clothing, the first half of 1971 almost certainly was a period of small steady improvement. Supplies of tobacco, soap and other toiletries, matches, bicycles, wristwatches, radios, sewing machines, and furniture are believed to have risen on a per capita basis, although at a far lower rate than the general propaganda claims would suggest. Housing, of course, remains crowded and furnishings are spartan. Yet the direction of movement in housing is gradually upward as new barracks and apartments are raised in urban areas and as local labor and materials are devoted to improving rural housing. Much of the consumer output described in this paragraph is based on household and sideline activity, and government policy has been permissive in this area.

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35. Fragmentary evidence suggests that worker dissatisfaction with the wage policies of the regime may be increasing. Wage levels appear to have dropped during the Cultural Revolution: for some workers because of the elimination of bonus pay; for others because of changeovers from piece-work rates to a salary basis; and for still others because of pressing down of the wage differential between highly skilled and unskilled labor. Promises by the regime during the Cultural Revolution to review wage policies at an unspecified point in the future are remembered by the workers, and there appears to be growing discontent with the regime's lack of action. Given the political stigma attached to those who are concerned with material incentives and personal gain, such dissatisfaction is likely to remain muted. Even though a small number of work slowdowns were reported in the first half of 1971, wage grumbles are unlikely to affect overall labor productivity for some time to come.

Perspective

36. The economic successes of 1970-71 should be viewed in the perspective of the general economic goals of the Communist leadership. These goals are (a) to modernize the economy with emphasis on the building up of China's military industrial strength, and (b) to provision the population at the minimum level necessary for productive efficiency and popular morale. The government has been successful on the whole in addressing these goals with the exception of two periods of political upheaval - the Great Leap Forward (1958-60) and the Great Proletarian Cultural Revolution (1966-69). Rough-hewn estimates of China's gross national product (GNP) illustrate the general advance of the economy and the two interruptions, as follows 3/:

<u>Year</u>	<u>Characterization</u>	<u>GNP (Billion 1969 US \$)</u>	<u>GNP per Capita (1969 US \$)</u>
1952	Base year	57	101
1957	End of first five- year plan	79	123
1958-59	Leap Forward peak	90	135
1961	Post-Leap bottom	69	98
1966	Recovery peak	104	136
1968	Cultural Revolution trough	97	121
1970	Record achievement	119	143
1971	Continuation of	Up	Up

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37. The frenzied Leap Forward drove industrial production to unsustainable heights and did great damage to the industrial plant, the work force, the administrative and statistical systems, and the structure of incentives in agriculture. In contrast, the economic damage of the Cultural Revolution was short-lived and was largely confined to shutdowns of various industrial plants for a few weeks or months in 1967-68 because of severe factional fighting, shortages of raw materials, and delays in transportation. The impressive advance of economic activity in 1970 -- industrial production up 17% and GNP up 11% -- was in large part a "catch-up" advance, reflecting the greater utilization of capital plant. Indeed, industrial production in 1969 had only come up to the 1966 level in spite of large additions to capacity in 1966-69; if industrial production in 1970 is compared with that of 1966, the annual average rate of advance is a little less than 5%.

38. Economic activity so far in 1971 has continued to benefit from the "settling down" of the economy in the aftermath of the Cultural Revolution. The "catch-up" factor in growth is not so strong as in 1970, when a great share of the "catch-up" opportunities were used up. Expansion of capital plant, however, is perhaps an even more vigorous element of growth than in 1970. A third aspect of growth, economic planning and administration, can be assessed only nebulously. There has been no publishing of formal economic guidelines or targets for the new plan period. Yet the system is working in a highly practical fashion, with advances being made on a wide front, and the pace of construction guarantees important additions to capacity over the new few years. Barring the outbreak of war, a sudden return to radical economic policies, or bad luck in the weather later in the year, the prospects for 1971 are for another good year.

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Table 1
Communist China: Key Economic Series
as of July 1971

	1952	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
GNP (billion 1969 US dollars)	57	79	91	88	86	69	76	79	87	95	104	100	97	107	119
Population, mid-year (million persons)	570	642	658	674	689	701	710	721	735	751	766	783	800	818	836
Per capita GNP (1969 US dollars)	101	123	139	131	125	98	107	110	118	127	136	127	121	131	143
Grain (million metric tons)	154	185	200	165	160	160	175-180	175-180	180-185	190-195	195-200	210-215	195-200	200-205	215-220
Cotton (million metric tons)	1.3	1.6	1.7	1.5	1.4	0.9	0.9	0.9	1.3	1.3	1.6	1.8	1.6	1.7	1.7
Industrial production index (1957 = 100)	51	100	130	163	160-162	103-105	166-109	117-123	133-141	155-165	177-190	142-154	147-162	178-198	208-233
Steel (million metric tons)	1.35	5.35	8.0	10	13	8	8	9	10	11	13	10	11.5	14.5	17
Coal (million metric tons)	66.5	130.7	230	300	280	170	180	190	200	220	240	190	200	250	300
Electric power (billion kilowatt hours)	7.3	19.3	27.5	41.5	47	31	30	33	36	42	47	41	44	50	60
Crude oil (million metric tons)	0.44	1.46	2.26	3.7	4.6	4.5	5.0	5.5	6.9	8	10	10	11	14	18
Aluminum (thousand metric tons)	0	39	49	70	80	60	70	85	100	115	125	145	180	195	230
Cement (million metric tons)	2.86	6.6	9.3	10.6	9.0	6.0	5.5	7.3	8.7	10.9	12.0	10.2	10.5	12	13
Chemical fertilizers (million metric tons of product weight)															
Supply	0.4	1.9	3.0	3.1	3.5	3.4	3.1	4.9	4.7	6.8	8.0	8.3	8.8	9.9	11.8
Production	0.2	0.8	1.4	1.9	2.5	1.4	2.1	2.9	3.5	4.5	5.5	4.0	4.8	5.8	7.0
Imports	0.2	1.1	1.6	1.2	1.0	1.0	1.0	2.0	1.2	2.3	2.5	4.3	4.0	4.1	4.8
Trucks (thousand units)	0	7.5	16.0	19.4	15	1	14	16	26	34	47	34	31	66	75
Locomotives (units)	26	167	350	500	600	100	25	25	25	50	140	200	240	260	280
Freight cars (thousand units)	5.8	7.3	11	17	23	3	4.0	5.9	5.7	6.6	7.5	6.9	8.7	11	12
Cotton cloth (billion linear meters)	3.83	5.05	5.7	7.5	5.8	4.0	4.2	4.5	4.9	5.4	6.0	4.8	4.8	6.5	7.5
Foreign trade (billion US dollars)															
Total	1.89	3.03	3.74	4.26	3.97	3.02	2.68	2.77	3.22	3.85	4.20	3.86	3.71	3.86	4.25
Exports	0.88	1.60	1.91	2.20	1.94	1.32	1.53	2.57	1.75	2.00	2.17	1.92	1.89	2.02	2.15
Imports	1.01	1.43	1.83	2.06	2.03	1.50	1.15	1.20	1.47	1.85	2.03	1.94	1.82	1.84	2.10

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Table 2

Communist China: Claimed Increases
in Gross Value of Industrial Production a/
January-May 1971 over January-May 1970

<u>Provinces</u>	<u>Percent</u>
Anhwei	21.5 <u>b/</u>
Chekiang	15.6
Honan	21
Hunan	14
Hupei	16.5
Kansu	<u>c/</u>
Kiangsu	34.3
Kirin	15.7
Kwangsi	20.8
Kwangtung	9.2
Kweichow	50+
Liaoning	15.4
Ningsia	25.8
Shansi	14.6 <u>d/</u>
Shensi	18
Szechwan	30+
<u>Centrally controlled municipalities</u>	
Peking	25
Shanghai	18.7
Tientsin	11.4
<u>Other cities</u>	
Ch'ang-sha	19.7
Chungking	47.8
Hangchow	14.6
Lu-ta	25
Nanking	47.2
Shenyang	19.7
Swatow	12.2

a. This listing includes 19 of the 29 province-level units, including the three centrally controlled municipalities of Peking, Shanghai, and Tientsin, as well as seven other cities.

b. January-June.

c. "Rose remarkably."

d. Light industry only.

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